



THE UNITED STATES PATENT AND TRADEMARK OFFICE

AF
GR

In re patent application of:) Attorney Docket No.: F-175
In re patent application of:) Customer No. 00919
Frederick W. Ryan, Jr., et al.) Group Art Unit: 3627
Serial No.: 09/634,041) Examiner: Joseph A. Fischetti
Filed: August 8, 2000) Date: January 17, 2007
Title: **METHOD FOR COLLECTING SALES AND/OR USE TAXES ON
SALES THAT ARE MADE VIA THE INTERNET AND/OR CATALOG**

TRANSMITTAL OF APPEAL BRIEF (PATENT APPLICATION 37 CFR 1.192)

Mail Stop Appeal Brief-Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

Transmitted herewith is the **APPEAL BRIEF** in the above-identified patent application with respect to the Notice of Appeal filed on November 27, 2006.

The fee for the Appeal Brief has already been paid.

The Commissioner is hereby authorized to charge any additional fees which may be required to Deposit Account No. **16-1885**.

A duplicate copy of this transmittal is enclosed for use in charging the Deposit Account.

Respectfully submitted,



Ronald Reichman
Reg. No. 26,796
Attorney of Record
Telephone (203) 924-3854

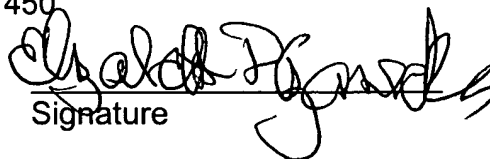
PITNEY BOWES INC.
Intellectual Property and
Technology Law Department
35 Waterview Drive
P.O. Box 3000
Shelton, CT 06484-8000

CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to:

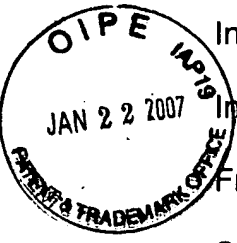
Mail Stop Appeal Brief-Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

on January 17, 2007
Date of Deposit


Signature

Elizabeth P. Czarnecki
Name of Person Certifying

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE



In re patent application of:

) Attorney Docket No.: F-175

In re patent application of:

) Customer No. 00919

Frederick W. Ryan, Jr., et al.

) Group Art Unit: 3627

Serial No.: 09/634,041

) Examiner: Joseph A. Fischetti

Filed: August 8, 2000

) Date: January 17, 2007

Title: **METHOD FOR COLLECTING SALES AND/OR USE TAXES ON
SALES THAT ARE MADE VIA THE INTERNET AND/OR CATALOG**

APPELLANTS' BRIEF

Mail Stop - Petitions
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

This brief is in furtherance of the Notice of Appeal filed in this case on
November 27, 2006.

01/22/2007 YPOLITE1 00000066 161885 03634341
01 FC1482 530.00 DA

TABLE OF CONTENTS

This Corrected Brief contains these items under the following headings and in the order set forth below.

- I. REAL PARTY IN INTEREST
- II. RELATED APPEALS AND INTERFERENCES
- III. STATUS OF CLAIMS
- IV. STATUS OF AMENDMENTS
- V. SUMMARY OF CLAIMED SUBJECT MATTER
- VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL
- VII. ARGUMENTS
- VIII. CLAIMS APPENDIX
- IX. EVIDENCE APPENDIX
- X. RELATED PROCEEDING APPENDIX

I. REAL PARTY IN INTEREST

Pitney Bowes Inc. is the real party in interest.

II. RELATED APPEALS AND INTERFERENCES

A. A copy of the Board of Appeals June 10, 2005, decision in U.S. Patent Application Serial No. 09/634,040 entitled "A METHOD FOR OBTAINING SECURE RECEIPTS SALES AND/OR USE TAXES ON SALES THAT ARE MADE VIA THE INTERNET AND/OR CATALOG" follows in the pages attached to Appendix X:

B. U.S. Patent Application Serial No.: 09/634,040 entitled "METHOD FOR OBTAINING SECURE RECEIPTS SALES AND/OR USE TAXES ON SALES THAT ARE MADE VIA THE INTERNET AND/OR CATALOG" is currently being appealed to the Board of Appeals.

III. STATUS OF CLAIMS

- a) Claims 1 – 16 are in the application.
- c) Claims 1 – 16 are rejected.
- d) Claims 1 – 16 are on appeal.

IV. STATUS OF AMENDMENTS

An Amendment subsequent to the Final Rejection of August 31, 2006, was filed on October 17, 2006. This Amendment was not entered.

V. SUMMARY OF CLAIMED SUBJECT MATTER

This invention provides a method that allows taxing jurisdictions to collect sales and/or use taxes on sales that are made via remote sales i.e., via the internet and/or catalogs, etc. The invention also makes it easier for sellers to comply with the taxing jurisdiction's mandated seller administrative functions. The foregoing is accomplished by using an agent to perform the sales tax administration functions of a seller, thereby relieving the seller of as much of the burden of compliance as possible.

Buyer and seller privacy are increased by segmenting seller and taxing jurisdiction data bases and by implementing a mechanism to provide buyers and sellers with a receipt of taxes paid. Sellers are provided with a mechanism to inspect the tax records maintained by the agent. The taxing jurisdictions are able to identify potentially fraudulent seller behavior, while limiting their access to named seller tax collection records.

Currently, audits must be coordinated between the taxing jurisdiction performing the audit and the seller being audited when fraudulent behavior is suspected. This invention eliminates the need for the above type of coordination, and it also enables the taxing jurisdictions to audit sellers without the seller's prior knowledge or consent. The sellers may be given some control over the taxing jurisdiction's unsupervised access into their records. The invention may give sellers varying degrees of control over the taxing jurisdiction's access to their records, by allowing the taxing jurisdictions access to seller data only after the seller has been able to review the data. Prior to the taxing jurisdiction's review of a seller's records, a message would be sent to the

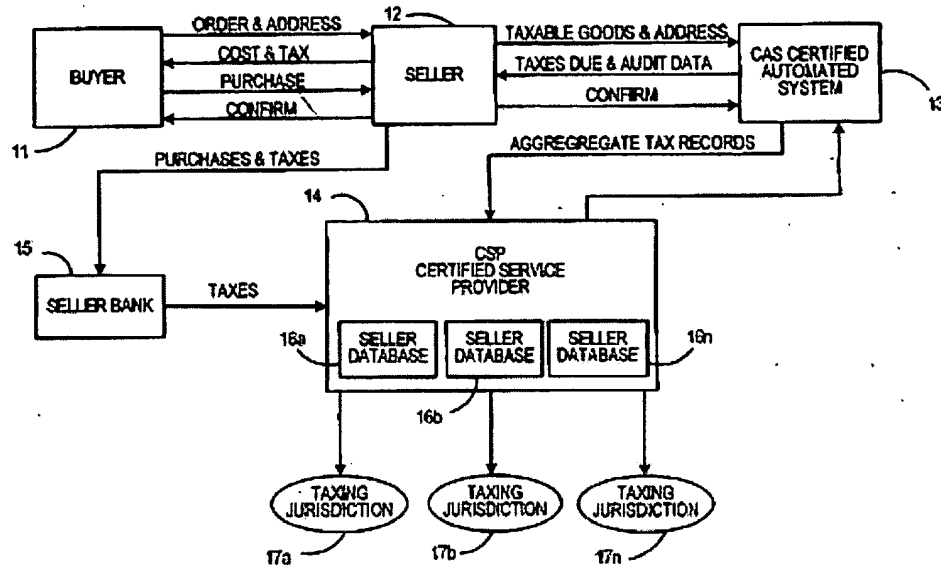
seller (e.g., via email or an email service with receipt. After the seller either grants permission to the taxing jurisdiction or a specified time period passes (e.g., seven days), the taxing jurisdiction would be allowed to view the detailed records. This would enable a seller to review the records and resolve any issues prior to a taxing jurisdiction's audit. Alternatively, a seller may be informed after a taxing jurisdiction reviewed seller's records.

Claim 1 is the only independent claim in this Patent Application.

Claim 1 relates to a method for collecting sales and/or use taxes on remote sales. The method includes the following steps:

- A) collecting information (11,12) regarding remote sales made by buyers;
- B) calculating the correct taxing jurisdictions (13,14) sales and/or use tax to be paid by buyers for remote sales;
- C) collecting by sellers(11,12, 15) from buyers the correct sales and/or use tax;
- D) collecting by an agent (13,14) the correct sales and/or use tax received by sellers;
- E) segmenting by the agent (14), the seller's sales and/or use taxes and the information collected by the sellers for particular taxing jurisdictions (17a,17b,17n) into different data bases(16a,16b,16n) for each taxing jurisdiction, wherein the identity of the seller is not revealed to the taxing jurisdiction (17a,17b,17n) and each taxing jurisdiction may only view its own data base (16a,16b,16n) if there is a sufficient suspicion of fraud based upon audit data; and
- F) paying (15) each taxing jurisdiction (17a,17b,17n) the taxes that are due.

FIG. 1



The foregoing method is shown in Fig. 1 and Line 12 of page 5 to line 11 of page 8 of Appellants' Patent Application. A copy of Fig. 1 appears above. Buyers 11 purchase goods and/or services from sellers 12 via the Internet and/or catalog. The information exchanged between buyer 11 and seller 12 and seller 12 and buyer 11 may be: the particulars of the sales order and/or service; the location of the buyer; the cost of the sales order and/or service, including any sales or use tax that may be due; acceptance of the order by seller 12, and confirmation of the order by buyer 11. Seller 12 may transmit the location of buyer 11, the items and/or services to be purchased by buyer 11, the classification of the items and/or services to be purchased by buyer 11 and the cost of the items and/or services purchased by buyer 11 to certified automated system (CAS) 13. Seller 12 receives from CAS 13 the amount of taxes due on the sale. CAS 13 maintains a log of all sales and/or use tax transactions. CAS 13 transmits the aggregate tax records, i.e., a log of all sales and/or use tax

transactions to certified service provider (CSP) 14. CAS 13 calculates the tax and transmits the amount of taxes that are due to seller 12.

Periodically, seller 12 will transmit the monies it receives from buyer 11 to seller bank 15. Bank 15 will periodically send the taxes that are due to CSP 14. CSP 14 will set up tax record data bases 16a, 16b.....16n for each seller 12 in each taxing jurisdiction 17a, 17b,17n. CSP 14 will aggregate the payments that are due to taxing jurisdictions 17a, 17b,17n, prepare documentation, (tax returns) for taxing jurisdictions 17a, 17b,17n submit documentation to taxing jurisdictions 17a, 17b,17n, submit tax revenues to jurisdictions 17a, 17b,17n and support taxing jurisdictions 17a, 17b,17n when they audit buyer 11. CSP 14 can restrict taxing jurisdictions 17a, 17b,17n access to data while still enabling complete disclosure of information in the support of tax audits. This is accomplished by separating the data received from the CAS 13 into several separate seller tax record data bases 16a, 16b,...16n and restricting access to those seller tax record data bases 16a, 16b,...16n. Separate seller tax record data bases 16a, 16b,...16n exist for each taxing jurisdictions 17a, 17b,17n.

Taxing jurisdictions 17a, 17b,17n will receive: all the transactions for which taxes are due the taxing jurisdictions, all transactions in which taxes would normally be due the taxing jurisdictions but for which an exemption has been claimed, all tax returns generated and filed by CSP 14 with taxing jurisdictions 17a, 17b,17n, and a log of all financial transactions with taxing jurisdictions 17a, 17b,17n. Taxing jurisdictions 17a, 17b,17n are restricted from viewing each other's data bases. In addition, sellers stored in seller tax record data bases 16a, 16b,...16n may be stored with

an alias (e.g., a buyer ID number) which is not normally exposed to taxing jurisdictions 17a, 17b,17n. Taxing jurisdictions 17a, 17b,17n could audit seller tax record data bases 16a, 16b,...16n and tax return information based upon seller ID number. A seller's identity would be disclosed to a taxing jurisdiction 17a, 17b,17n only if there were sufficient suspicion of fraud based upon audit data. The foregoing may also be done for buyers 11.

A seller 12 may view the contents of his/her seller tax record data bases 16a, 16b,...16n. A seller tax record data base 16a, 16b,...16n contains: a record of all transactions the seller has conducted, a record of all tax returns filed by CSP 14 on behalf of the seller 12, a record of all financial transactions with the seller 12, and a record of audits performed by taxing jurisdictions 17a, 17b,17n.

CAS 13 may be the sales tax software sold by Taxware International, Inc. of 27 Congress Street, Salem, MA 01970, or the sales tax software sold by VERTEX, INC., of 1041 Old Cassat Road, Berwyn, Pennsylvania 19312, or other similar software and/or system.

CSP 14 is an agent certified by taxing jurisdictions 17a, 17b,17n. CSP 14: determines the total amount of taxes due to each taxing jurisdiction; pays the taxes to taxing jurisdictions 17a, 17b,...17n; and files tax returns with taxing jurisdictions 17a, 17b,...17n in cooperation with CAS 13 on behalf of sellers 12. CSP 14 also allows taxing jurisdictions 17a, 17b,...17n to audit sellers 12. CSP 14 may be an automated computer system which performs data processing and financial transactions.

VI. GROUNDS OF REJECTION

Claims 1-6 and 9-10 are rejected under 35 USC §102(e) as being anticipated by Walker, et al. (U.S. Patent No. 6,664,987).

VII. ARGUMENTS

Claims 1-6 and 8-16 have been rejected by the Examiner under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of RFP No. 001185 or Francisco et. al. (U.S. Patent No. 6,078,899) and Johnson et al (U.S. Patent No. 5,335,169) Official Notice.

A. Claims 1-6, 10, 11 and 15

Chong discloses the following in column 4, lines 43-62:

"In Appendix A, an example of the screen interface with the user for the customer file maintenance module 31 is shown. This input interface allows the user to add new customer data records, change existing records, or delete inactive records. In particular, the input screen has field (1) for entering a customer identification number, field (2) for the customer name, fields (3-7) for the address, field (16) for the customer location code, field (24) for the tax rate code, and field (25) for the tax type code.

The customer location code indicates the applicable state taxing authority for sales to that customer. The code number is indexed to the corresponding support file generated by the tax authority (customer location) maintenance module 32. For the specific application of sales tax reporting, the primary tax authority for a company in the U.S. is the state and city or county where the company is located.

The tax rate code corresponds to the tax percentage that this customer is normally subject to."

Chong discloses the following in lines 45-57 of col. 6.

"In Appendix G, an example of the detailed breakdown of all revenues and taxes by state and taxing authority is shown. When this report is requested, the sales entry records are sorted by state. In the example of Appendix G, all revenues generated and sales taxes incurred from customers located in the state of Oregon will be printed on this page. The report is divided into two sections: the top section lists all taxable

transactions, and the bottom section lists all non-taxable or tax-exempt transactions. Each detail line represents a revenue or tax item. The items are grouped by taxing authority if more than one taxing authority exists in the state."

Chong discloses the following in lines 36-62 of col. 7.

"The sales records are also sorted by tax rate codes, and the tax rate names and types (indicating different taxing authorities) are printed as subheadings along with their respective listings of sales transactions. The totals for sales and tax amounts for each taxing authority are printed in the two end columns of the report.

By the above programmed system of the invention, the tracking and reporting of sales and tax amounts by state, taxing authority, and sales type (general ledger revenue account name) is accomplished automatically by creating support files indexing each customer identification number to customer identification data, state location, tax type, and tax rate, and assigning each sales type code to sales type name and report column.

Through this organization, the user of the system need only enter a customer identification number, sales type code, and sales amount to automatically a complete sales record, and to track and report each sales record under the appropriate designations of the sales tax report. This operation of the system greatly simplifies the task of tracking and reporting sales taxes. It can also be adapted in a similar manner to other types of complex rate assessments which require detailed tracking and reporting."

The following appears in the RFP in Appendix A on page 25 under the heading *I. Model 1:*

"Description: Under this model, a retailer selects a CSP as an agent to perform all the retailer's sales tax functions. The agent then determines the amount of tax due, pays the tax to the states, and files returns with the states using a CAS. (Certified Automated System)"

The Examiner stated the following on page 7 and 8 of the August 31, 2006, Final Rejection.

" Even still, RFP #001185 further disclose the feature of privacy which answers Appellant's limitation of anonymity.

RFP # 001185 clearly sets forth the privacy feature as a requirement of the proposal on page 15:

Privacy. -- A proposal must include procedures to protect the privacy of consumers and retailers in accordance with the following:

The Contractor is bound by the law of North Carolina prohibiting the disclosure of tax information.

The Contractor must limit the collection, storage, processing, and dissemination of personal data to that which is relevant and necessary to the successful operation of the Pilot. Personal data is data that, identifies a purchaser, such as name and address.

The Contractor may not data-mine or sell any personal data gathered under the Pilot and, except as required by the State to administer sales and use tax, may not transfer any personal data gathered under the Pilot to any other person.

The Contractor must provide reasonable safeguards against the risk of unauthorized access, processing, or dissemination of personal data.' The Contractor must provide a privacy notice for any on-line collection and must have a procedure whereby individuals can obtain and correct personal data about them that is maintained by the Contractor.

Thus, even if Chong could not be said to disclose an anonymous system, RFP #001185 provides the teaching of such a feature. Appellants would have the Board believe that there is no motivation for combining Chong with RFP 001185. However, Appellants have been usurped by their own admitted prior art. Page 4 of RFP 001185 entitled "Part 1 Purpose and Goals" of the RFP sets forth clear motivation for the reasonable expectation of success saying:

The key element is the use of an agent to perform the sales tax administration functions of a retailer and thereby relieve the retailer of as much of the burden of compliance as possible.

Thus, with such clear motivation set forth in RFP 001185 for using an agent to absorb burden of the tax compliance for a company, it would be an obvious step to employ such an agent in Chong. This is because like motivations are found in both references. Specifically, Chong discloses in Col. 1 lines 55-57:

These different tax collection and reporting requirements can be very confusing and onerous for a company. . .

Therefore, there can be no doubt that the motivation in both references is to relieve burden and onerous requirements. All that would need to be done in Chong to make this successful would be to outsource its tracking-system to an agent, rather than keep it in house."

Francisco discloses the following in column 1, lines 44-53:

"Sales tax rates and the items taxed vary from state to state. In most states, a Certificate of Authority is issued by the state government to retail establishments, this certificate authorizing retailers to collect sales tax from public consumers and then, in turn, pay over all collected sales tax proceeds to the state treasury. When cash transactions occur or inadequate records are kept, retailers sometimes fail to report the transactions and do not turn over the sales tax collected thereon."

Francisco discloses the following in column 2, lines 16-28:

"The consumer has no way of knowing if the collected sales tax is being turned over to the appropriate authorities. It is apparent from the above that there exists a need in the art for a system and corresponding equipment and method to be implemented which increases the percentage of retailer transactions and collected sales tax forwarded to state and federal government agencies. By ensuring that a larger percentage of retail transactions are reported to taxing authorities and that a greater amount of the overall sales tax collected by retailers is paid over to state treasuries, local and federal economies can be more efficiently run and a lesser number of violators will slip through the cracks."

Johnson et. al. discloses the following in lines 35-41 of col. 32.

" If the system operator clicks the Comment button 88 in the Investigate Subscribers Window 80, the user interface accepts and saves a textual comment, possibly regarding the status and results of an investigation performed for the selected subscriber ID, in the Subscriber Comments field 85 of the Investigate Subscriber Window 80."

The Examiner stated the following on page 9 of the August 31, 2006, Final Rejection.

"Himmel et al. Is Used As An Evidence Reference to Support an Official Notice Statement.

Finally, notwithstanding the above, the patent to Himmel et al has been cited merely as evidence of the notoriously well known practice of restricting access to files, in particular in the internet environment. The Examiner's statement of Official Notice was challenged by Appellants during prosecution of this application and thus Himmel et al. was cited merely to evidence this position.

Thus, the Examiner further submits that anonymity of records in database files is an old and obvious expedient in the art of networking. "

Himmel discloses the following in lines 54-59 of column 3:

"The present invention provides a method and apparatus for detecting, storing and retrieving information concerning advertisements which were viewed by a particular user, and using this stored information to dynamically alter the content of preferences as indicated."

The art cited by the Examiner, taken separately or together, do not disclose or anticipate the method for collecting sales and/or use taxes claimed in claim 1 and those claims dependent thereon. The cited references do not disclose or anticipate step E of claim 1 namely, segmenting by the agent, the seller's sales and/or use taxes and the information collected by the sellers for particular taxing jurisdictions into different data bases for each taxing jurisdiction, wherein the identity of the seller is not revealed to the taxing jurisdiction and each taxing jurisdiction may only view its own data base if there is a sufficient suspicion of fraud based upon audit data;

Governments may restrict access to government data by the public. However, governmental bodies know the identity of people with whom they are dealing. An applicant cannot file a patent application without disclosing the identity of the inventor. A person's social security number must be placed on a Federal Income Tax Return. Governments also issue birth certificates, death certificates, passports, military discharge papers, fishing licenses, hunting

permits and marriage licenses to positively identify individuals from the cradle to the grave. It is the government that protects an individual's privacy rights. For instance, the government will not disclose a taxpayer's Income Tax Return to the public. It is known in taxing situations that the purchaser of goods may not be revealed to the taxing jurisdiction. However, the seller of the goods is always known to the taxing jurisdiction since they are the one who filed the Tax Return.

A unique and unobvious aspect of Appellants' claimed invention is that an agent does not reveal to the taxing jurisdiction the identity of the seller. The foregoing will make it easier for taxing jurisdiction to collect taxes on the sale and/or use of goods that are made on remote sales, i.e., taking place over the internet or from catalogs.

The act of keeping the claimed seller, i.e., payee anonymous to the taxing jurisdiction is new and non-obvious. Applicants are unaware of any situation in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by an agent into different data bases, wherein the identity of the taxing jurisdiction is not revealed to the taxing jurisdiction.

Notwithstanding the foregoing, in rejecting a claim under 35 U.S.C. §103, the Examiner is charged with the initial burden for providing a factual basis to support the obviousness conclusion. *In re Warner*, 379 F.2d 1011, 154 USPQ 173 (CCPA 1967); *in re Lunsford*, 375 F.2d 385, 148 USPQ 721 (CCPA 1966); *in re Freed*, 425 F.2d 785, 165 USPQ 570 (CCPA 1970). The Examiner is also required to explain how and why one having ordinary skill in the art would have been led to modify an applied reference and/or combine applied references to arrive at the claimed invention. *In re Ochiai*, 37 USPQ2d 1127 (Fed. Cir. 1995); *in re Deuel*, 51 F.3d 1552, 34 USPQ 1210 (Fed. Cir. 1995); *in re Fritch*, 972 F.2d 1260, 23 USPQ 1780 (Fed. Cir. 1992); *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 5 USPQ2d 1434 (Fed. Cir. 1988). In establishing the requisite motivation, it has been consistently held that both the suggestion and reasonable expectation of success must stem from the prior art itself, as a whole. *In re Ochiai*, supra; *in re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991); *in re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988); *in re Dow Chemical Co.*, 837 F.2d 469, 5 USPQ2d 1529 (Fed. Cir. 1988).

B. Claims 8 and 9

In claim 8, the buyer information segmented by the agent may be accessed by an identification number, and in claim 9, the seller information segmented by an agent may be accessed by an identification number.

In addition to the arguments made in above Section A, the cited references, taken separately or together do not disclose or anticipate the method in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by an agent into different data bases, wherein the identity of the taxing jurisdiction is not revealed to the taxing jurisdiction and the agent may access the data with an identification number.

The using of identification numbers to access the buyer information segmented by the agent and the seller information segmented by the agent increases the buyer's and seller's privacy.

C. Claim 12

In claim 12, the agent reveals the identity of the seller if the segmented information identifies improper conduct.

In addition to the arguments made in above Section A, the cited references, do not disclose or anticipate the method in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by an agent into different data bases, wherein the agent reveals the identity of the seller if the segmented information identifies improper conduct. Thus, the identity of the Seller will only be revealed if improper conduct is identified.

D. Claims 13 and 14

In claim 13, the Seller will be notified that a taxing jurisdiction is studying its segmented sales and/or use taxes collected; and in claim 14, the seller will be able to review the seller's segmented sales and/or use taxes, collected before the taxing jurisdiction studies the seller's segmented sales and/or use taxes collected.

In addition to the arguments made in above Section A, the cited references, taken separately or together, do not disclose or anticipate the method in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by an agent into different data bases, wherein the identity of the taxing jurisdiction is not revealed to the taxing jurisdiction and the seller is notified that a taxing jurisdiction is studying its segmented sales (claim13) or the seller will be able to review the seller's segment sales before the taxing jurisdiction studies the segmented sales (claim 14).

E. Claim 16

In claim 16, the taxing jurisdiction pays the agent for the services rendered by the agent.

In addition to the arguments made in above Section A, the cited references, do not disclose or anticipate the method in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by an agent into different data bases, wherein the taxing jurisdiction pays the agent for the services rendered by the agent.

F. Claim 7

The Examiner indicated on page 10 of the August 31, 2006, Final Rejection the following claim 7.

This claim has been cancelled.

Appellant Attorney requested the following in the October 17, 2006, Amendment After Final Rejection

"Will the Examiner please indicate in what amendment Appellant cancelled claim 7."


The Examiner has not indicated in what Amendment claim 7 has been cancelled.

In claim 7, the sellers are given financing to pay the sales and/or use taxes that are due.

In addition to the arguments made in above Section A, the cited references, do not disclose or anticipate the method in which the sellers are given financing to pay the sales and/or use taxes that are due.

In view of the above Appellant respectfully submits that appealed claims 1-16 in this application are patentable. It is requested that the Board of Appeal overrule the Examiner and direct allowance of the rejected claims.

Respectfully submitted,



Ronald Reichman
Reg. No. 26,796
Attorney of Record
Telephone (203) 924-3854

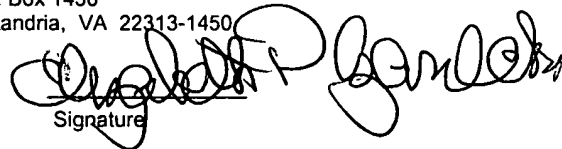
PITNEY BOWES INC.
Intellectual Property and
Technology Law Department
35 Waterview Drive
P.O. Box 3000
Shelton, CT 06484-8000

CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to:

Mail Stop Appeal Brief- Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

on January 17, 2007
Date of Deposit


Signature

Elizabeth P. Czarnecki
Name of Person Certifying

VIII. CLAIMS APPENDIX

1. A method for collecting sales and/or use taxes on remote sales, said method includes the steps of:

A) collecting information regarding remote sales made by buyers;

B) calculating the correct taxing jurisdictions sales and/or use tax to be paid by buyers for remote sales;

C) collecting by sellers from buyers the correct sales and/or use tax;

D) collecting by an agent the correct sales and/or use tax received by sellers;

E) segmenting by the agent, the seller's sales and/or use taxes and the information collected by the sellers for particular taxing jurisdictions into different data bases for each taxing jurisdiction, wherein the identity of the seller is not revealed to the taxing jurisdiction and each taxing jurisdiction may only view its own data base if there is a sufficient suspicion of fraud based upon audit data; and

F) paying each taxing jurisdiction the taxes that are due.

2. The method claimed in claim 1, wherein buyers are given a receipt for the taxes they have paid.

3. The method claimed in claim 1, wherein the seller sales are also segmented for each buyer.

4. The method claimed in claim 1, further including the step of:

reporting to the taxing jurisdictions the taxes that have been collected.

5. The method claimed in claim 1, further including the step of:
filing reports for sellers with the taxing jurisdictions for the taxes that have been collected.
6. The method claimed in claim 1, further including the step of:
filing tax returns for sellers with the taxing jurisdictions for the taxes that have been collected.
7. The method claimed in claim 1, further including the step of giving sellers financing to pay the sales and/or use taxes that are due.
8. The method claimed in claim 1, wherein the buyer information segmented by the agent may be accessed by an identification number.
9. The method claimed in claim 1, wherein the seller information segmented by the agent may be accessed by an identification number.
10. The method claimed in claim 9, wherein a taxing jurisdiction will be able to access seller information segmented by the agent for that jurisdiction with an identification number.

12. The method claimed in claim 11, wherein the agent reveals the identity of the seller if the segmented information identifies improper conduct.

13. The method claimed in claim 10, further including the step of notifying a seller that a taxing jurisdiction is studying its segmented sales and/or use taxes collected.

14. The method claimed in claim 10, wherein a seller will be able to review the seller's segmented sales and/or use taxes collected before the taxing jurisdiction studies the seller's segmented sales and/or use taxes collected.

15. The method claimed in claim 10, wherein a taxing jurisdiction will be able to access the segmented sales and/or use taxes collected only after specified time period has passed.

16. The method claimed in claim 1, wherein the taxing jurisdictions pay the agent for services rendered by the agent.

IX EVIDENCE APPENDIX

There is no additional evidence to submit.

X RELATED PROCEEDING APPENDIX

A. A copy of the Board of Appeals June 10, 2005, decision in U.S. Patent Application Serial No. 09/634,040 entitled "A METHOD FOR OBTAINING SECURE RECEIPTS SALES AND/OR USE TAXES ON SALES THAT ARE MADE VIA THE INTERNET AND/OR CATALOG" is attached as Exhibit A.

B. U.S. Patent Application Serial No.: 09/634,040 entitled "METHOD FOR OBTAINING SECURE RECEIPTS SALES AND/OR USE TAXES ON SALES THAT ARE MADE VIA THE INTERNET AND/OR CATALOG" is currently being appealed to the Board of Appeals.

EXHIBIT A

The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 30

UNITED STATES PATENT AND TRADEMARK OFFICE

RECEIVED

JUN 13 2005

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

PIINEY BOWES
INTELLECTUAL PROPERTY
& TECHNOLOGY LAW DEPT.

Ex parte FREDERICK W. RYAN Jr., MICHAEL W. WILSON,
RONALD P. SANSONE, THERESA BIASI and VADIM STELMAN

Appeal No. 2005-0667
Application 09/634,041

F-175

ON BRIEF

MAILED

JUN 10 2005

U.S. PATENT AND TRADEMARK OFFICE
BOARD OF PATENT APPEALS
AND INTERFERENCES

Amendment due 10 Aug 2005

Before FRANKFORT, NASE, and NAPPI, Administrative Patent Judges.

FRANKFORT, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal from the examiner's final rejection of claims 1 through 6 and 8 through 16. Claims 17 through 33 stand withdrawn from further consideration under 37 CFR § 1.142(b) as being directed to non-elected species. Regarding claim 7, the only other claim in the application,

Appeal No. 2005-0667
Application 09/634,041

although the Index of Claims in the application file indicates that this claim has been canceled, we find no amendment of record which directs the cancellation of claim 7. Moreover, notwithstanding appellants' election of claims 1-16 for prosecution in the present application (see Paper No. 8, filed Oct. 10, 2001), the examiner has not once rejected or otherwise commented on the status of claim 7. Nor does the Notice of Appeal (Paper No. 13, filed March 27, 2002) include claim 7. Thus, although the exact status of claim 7 is not clear from the present record, what is clear is that it has not been rejected by the examiner and is not before us on appeal.

Appellants' invention relates to the collection of taxes for the sale and/or use of goods and/or services. As noted on page 3 of the specification, today, sellers are responsible for calculating taxes due based upon the location of the buyer, collecting taxes due from the buyer, accounting for taxes collected for the taxing jurisdiction, remitting taxes to the taxing jurisdiction for which they were collected, filing tax returns with each taxing jurisdiction for which taxes have been collected and supporting each taxing jurisdiction's audit of the buyer's records.

Appeal No. 2005-0667
Application 09/634,041

However, the specification goes on to note that there are currently approximately 6,000 jurisdictions in the United States collecting sales and/or use taxes, thereby making it an onerous task for sellers to perform the above-noted required sales and/or use tax administrative functions. Goals of appellants' invention are to better allow taxing jurisdictions to collect sales and/or use taxes on sales that are made via remote sales, i.e., via the Internet and/or catalogs, and to make it easier for sellers to comply with a taxing jurisdiction's mandated seller administrative functions. To that end, appellants' invention is directed to a method for calculating the correct taxing jurisdiction's sales and/or use taxes on sales including remote sales (catalog or Internet sales) and having the seller collect the correct taxes from the buyer, but then having a certified agent perform the remainder of the tax administrative functions of the seller for all taxing jurisdictions involved, thereby relieving the seller of as much of the burden of compliance as possible.

Looking to Figure 1 of the application for an understanding of appellants' invention, we note that when a buyer (11) makes a purchase from a seller (12), the seller transmits to a Certified Automated System (CAS) (13) the buyer location and details of the

Appeal No. 2005-0667
Application 09/634,041

goods and/or services purchased, whereupon the CAS calculates the correct sales and/or use taxes due for the appropriate taxing jurisdiction and communicates that information to the seller to thereby allow collection of the taxes due. A Certified Service Provider (CSP) (14), certified by all participating taxing jurisdictions, communicates with the CAS to obtain aggregated tax records for participating sellers and with sellers' banks (15) to obtain the sales and/or use taxes collected by the sellers. The CSP (agent) then performs all of the tax administrative functions of the sellers for all taxing jurisdictions involved. More particularly, the CSP will set up tax record data bases (16a, 16b . . . 16n) for each seller (12) in each taxing jurisdiction, prepare documentation (e.g., tax returns) for each taxing jurisdiction, submit such documentation to the taxing jurisdictions, submit appropriate tax revenues to the jurisdictions, and support the taxing jurisdictions during any audit process.

As noted on page 7 of the specification, of importance to appellants is the need for restricting access to the information in the seller tax record data bases (16a, 16b . . . 16n). Thus, a seller's information in those data bases is to be stored under an alias or ID number which is not normally exposed to the taxing

Appeal No. 2005-0667
Application 09/634,041

jurisdictions. While the taxing jurisdictions may conduct an audit using the alias or ID number, a seller's true identity would be disclosed "only if there were sufficient suspicion of fraud based upon audit data."

Independent claim 1 is representative of the subject matter on appeal, and reads as follows:

1. A method for collecting sales and/or use taxes on remote sales, said method includes the steps of:

- A) collecting information regarding remote sales made by buyers;
- B) calculating the correct taxing jurisdictions sales and/or use tax to be paid by buyers for remote sales;
- C) collecting by sellers from buyers the correct sales and/or use tax;
- D) collecting by an agent the correct sales and/or use tax received by sellers;
- E) segmenting by the agent, the seller's sales and/or use taxes and the information collected by the sellers for particular taxing jurisdictions into different data base, wherein the identity of the seller is not revealed to the taxing jurisdiction; and
- F) paying each taxing jurisdiction the taxes that are due.

The prior art references of record relied upon by the examiner as evidence of obviousness under 35 U.S.C. 103 are:

Longfield	5,193,057	Mar. 9, 1993
Chong	5,335,169	Aug. 2, 1994

Appeal No. 2005-0667
Application 09/634,041

Francisco et al. (Francisco)	6,078,899	Jun. 20, 2000
Himmel et al. (Himmel)	6,321,256	Nov. 20, 2001
		(filed May 15, 1998)

State of North Carolina RFP #001185, "Pilot Program for Streamlined Sales Tax System," June 16, 2000 (RFP #001185)

Claims 1 through 5 and 8 through 16 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Chong in view of Francisco, Appendix A of RFP #001185 and Himmel.¹

Claim 6 stands rejected under 35 U.S.C. § 103(a) as being unpatentable over Chong in view of Francisco, Appendix A of RFP #001185 and Himmel as applied above, and taken further in view of Longfield.²

Rather than reiterate the examiner's statement of the above-noted rejections and the conflicting viewpoints advanced by appellants and the examiner regarding those rejections, we refer

¹ We note that a copy of dependent claim 11 does not appear in the Appendix attached to appellants' corrected, substitute brief and that a correct version of this claim can be found in the original application papers filed August 8, 2000.

²As indicated in the advisory action mailed February 8, 2002 (Paper No. 12), the rejection of claims 1 through 5 and 8 through 16 under 35 U.S.C. § 112, second paragraph, set forth in the final rejection (Paper No. 9, page 2) has now been withdrawn.

Appeal No. 2005-0667
Application 09/634,041

to the final rejection (Paper No. 9, mailed Dec. 19, 2001) and examiner's answer (Paper No. 26, mailed March 9, 2004) for the examiner's reasoning in support of the rejections and to the corrected substituted brief (Paper No. 23, filed July 29, 2003) for appellants' arguments to the contrary.

OPINION

Our evaluation of the issues raised in this appeal has included a careful assessment of appellants' specification and claims, the applied prior art references, and the respective positions advanced by appellants and the examiner. As a consequence of our review, we have made the determination that the evidence relied upon by the examiner is sufficient to support a conclusion of obviousness under 35 U.S.C. § 103 with respect to the method defined in appellants' claims 1 through 6 and 8 through 16 on appeal. Our reasoning in support of that determination follows.

Before turning to the examiner's rejections of appellants' claims based on prior art, we note that it is an essential prerequisite that the scope and content of the claimed subject matter be fully understood. Our reviewing Court has emphasized

on numerous occasions that analysis of whether a claim is patentable over the prior art under 35 U.S.C. §§ 102 and 103 begins with a determination of the scope of the claim and that such interpretation begins with the language of the claim itself. The properly interpreted claim must then be compared with the prior art. See, e.g., SmithKline Diagnostics, Inc. v. Helena Laboratories Corp., 859 F.2d 878, 882, 8 USPQ2d 1468, 1472 (Fed. Cir. 1988).

Accordingly, we initially direct our attention to independent claim 1 on appeal to derive an understanding of the scope and content thereof. This claim is directed to a method for collecting sales and/or use taxes on remote sales and recites, *inter alia*, the steps of "D) collecting by an agent the correct sales and/or use tax received by sellers; E) segmenting by the agent, the seller's sales and/or use taxes and the information collected by the sellers for particular taxing jurisdictions into different data bases, wherein the identity of the seller is not revealed to the taxing jurisdiction; and F) paying each taxing jurisdiction the taxes that are due." In the brief (pages 14-15), appellants urge that a unique and unobvious aspect of the present invention is that an agent certified by the taxing jurisdictions who collects sales and/or use taxes on

Appeal No. 2005-0667
Application 09/634,041

remote sales does not reveal to the taxing jurisdiction the identity of the seller, and that it is this aspect of the invention that is not taught or suggested by the applied prior art references to Chong, Francisco, RFP #001185, and Himmel. More particularly, appellants contend that the act of keeping the claimed seller, i.e., payee, anonymous to the taxing jurisdiction is new and unobvious.

Although it appears from the tenor of appellants' argument that the agent would never reveal the identity of the seller to the taxing jurisdiction, we again note that the specification (page 7) informs us that one of appellants' intentions is to restrict access to the information in the seller tax record data bases (16a, 16b . . . 16n) created by the agent by having the seller's information in those data bases stored under an alias or ID number which is "not normally exposed to taxing jurisdictions". The specification goes on to note that the taxing jurisdictions may conduct an audit using a seller's alias or ID number, and indicates that a seller's true identity would be disclosed "only if there were sufficient suspicion of fraud based upon audit data." Thus, the specification clearly indicates that the agent may reveal the true identity of a seller to the taxing jurisdiction at some point in time.

Appeal No. 2005-0667
Application 09/634,041

Moreover, we observe that in the particular situation before us on appeal the limitation regarding the identity of a seller not being revealed to the taxing jurisdiction is set forth in step (E) of claim 1, which addresses "segmenting by the agent, the seller's sales and/or use taxes and the information collected by the sellers for particular taxing jurisdictions into different data bases, wherein the identity of the seller is not revealed to the taxing jurisdiction." Thus, in our view, the limitation concerning seller anonymity is applicable only to step E) and is not limiting as to the agent otherwise revealing the identity of the seller to a taxing jurisdiction at some future time, such as, for example, at the time of paying the taxing jurisdiction the taxes that are due. It is with this view and interpretation of the claims in mind that we look to the examiner's rejections under 35 U.S.C. § 103(a).

Claims 1 through 5 and 8 through 16 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Chong in view of Francisco, Appendix A of RFP #001185 and Himmel. As the examiner points out in the answer (page 4) RFP #001185 addresses a streamlined sales tax system and method that is very similar to that defined in appellants' claims on appeal. More particularly, RFP #001185 (Appendix A) discloses a system wherein the states

Appeal No. 2005-0667
Application 09/634,041

assume a large share of the responsibility for sales tax administration by establishing joint certification standards for both a certified service provider (CSP) and a certified automated system (CAS), by designating qualified entities and systems as a CSP and a CAS, and by providing incentives for the use of a CSP or CAS. One of those incentives is that a retailer (seller) using the system is subject to reduced liability for any errors resulting from proper use of a CAS and also to a reduced audit scope. As noted on page 26, the system in RFP #001185 is particularly designed for retailers that make remote sales.

Model 2 in Appendix A of RFP #001185 (page 27) discusses a retailer's use of a certified automated system (CAS) and notes that under the system a retailer may select a CAS to perform one part of the retailer's sales tax administration function, i.e., that of determining the amount of tax due on a particular transaction. More specifically, the CAS will determine whether an item is taxable in the appropriate taxing jurisdiction, at what rate, and whether the purchaser is exempt from tax, and subsequently communicate that information to the retailer. To that end, the retailer using the disclosed system establishes an interface with the CAS, and then relies on the CAS to calculate the tax due. The retailer is responsible for collecting the

appropriate tax from the purchaser and is liable for the tax due. Under Model 1 of RFP #001185 (page 25), a retailer selects a certified service provider (CSP) as an agent to perform all of the retailer's sales tax functions. The agent, who is compensated by the taxing jurisdiction, then determines the amount of tax due, pays the taxes to the states or other taxing jurisdictions, files returns with the necessary taxing jurisdictions using a CAS, and maintains a record of the transactions.

Chong discloses a computerized system and method for tracking multiple types of sales tax assessments for different taxing authorities on different types of sales transactions with customers. The system is designed particularly for companies operating in national or global markets that frequently conduct sales transactions in a number of taxing jurisdictions and/or are subject to a number of taxing authorities within the same or different jurisdictions. Chong notes that such companies often sell different types of goods or services to different types of customers that may be taxable at different rates, and that the companies are thus required to collect many different types and percentages of sales or excise taxes, and to report their sales transactions and collected taxes to each applicable taxing

Appeal No. 2005-0667
Application 09/634,041

jurisdiction or authority. An objective of the system in Chong is to automatically track the appropriate sales tax rates, the sales types, and proper taxing jurisdiction for the user (seller) for each given transaction and to determine the amount of tax due on a particular transaction. Figure 3 of Chong shows a logic diagram of the steps for entering a sales transaction. The system also includes a sales tax reporting module for sorting the sales records by taxing authority, tax types, and sales types, and for creating a sales tax report for each taxing authority showing total sales amounts and sales tax amounts for each of the sales types. Figure 4 of Chong shows a logic diagram of the steps for sorting and generating a sales tax report.

Francisco discloses a point of sale tax reporting and automatic collection system and method that automatically reports all retailer transactions and sales tax collected by retailers from customers to local and federal government authorities and then automatically collects the sales tax amounts from retailer accounts so as to prevent retailers from avoiding the payment of collected sales taxes to the appropriate taxing jurisdictions. In column 2, lines 33-47, Francisco discusses the system of Chong and notes that while it enables the user to keep track of appropriate sales tax rates, sales types, etc., the system does

not act to ensure that all retailer transactions and sales tax collected thereon are reported and forwarded to the appropriate authorities. The automatic system and method of Francisco seeks to correct that problem by having an automated agent or "first computer and first memory" (13, 19) collect and save transaction and sales tax data at a remote location from the retailer and periodically (e.g., daily) access and debit an account of the retailer, with the amount debited corresponding to the amount of sales tax paid to the retailer by consumers.

Himmel discloses a method and apparatus for detecting, storing and retrieving information, including duration of view time, concerning advertisements included with Web pages seen by a particular user, and thereafter using the stored information in controlling access of that user to subsequent Web pages and/or to dynamically alter the content of subsequently requested Web pages to reflect the user preferences indicated.

From the examiner's perspective, the collective teachings of Chong, RFP #001185, Francisco and Himmel would have been suggestive to one of ordinary skill in the art at the time of appellants' invention of a method for collecting sales and/or use taxes on remote sales like that claimed by appellants. More

particularly, the examiner urges (answer, pages 7-9) that Chong discloses a method for collecting sales taxes on remote sales including the steps of collecting information regarding remote sales made by buyers, calculating the correct taxing jurisdictions sales and/or use taxes to be paid by the buyers for the remote sales and collecting by sellers from buyers of the correct sales and/or use tax. Chong also discloses segmenting of the seller's sales taxes and the information collected by the sellers for particular taxing jurisdictions into different data bases (Fig. 4) and subsequently paying each taxing jurisdiction the taxes that are due. What Chong lacks is any teaching or suggestion of an agent or certified service provider (CSP) for collecting the correct sales taxes from the seller/retailer and performing the retailer's further sales tax functions, such as the segmenting of information by taxing jurisdictions, payment of the taxes to the states or other taxing jurisdictions, filing tax returns with the necessary taxing jurisdictions, and maintaining a record of the transactions.

However, we agree with the examiner that the combined teachings of Chong, Appendix A of RFP #001185 and Francisco would have been generally suggestive to one of ordinary skill in the art at the time of appellants' invention of having an agent or

is clear to us that when an agent or CSP acts for a retailer like that in Chong by the agent collecting the taxes received by the retailer and performing the segmenting of information by taxing jurisdictions, the payment of taxes to the taxing jurisdictions, and the filing of tax returns with the necessary taxing jurisdictions, as suggested by the combined teachings of Chong, RFP #001185 and Francisco, that during the segmenting step the information concerning seller identity is entirely under the purview and control of the agent/CSP and is not at that point in time revealed to the taxing jurisdictions. Thus, the method as broadly set forth in claim 1 on appeal would have been obvious to one of ordinary skill in the art at the time of appellants' invention based on the collective teachings and suggestions of the applied prior art.

We emphasize again that the claims before us on appeal only require the agent to maintain the identity of the seller secret at a particular time during the process (i.e., during the segmenting step) and not, as appellants seem to believe, that the agent must refrain from revealing the identity of a seller to a taxing jurisdiction at all times, and especially at the time of reporting and paying the taxing jurisdiction the taxes that are due and/or during any subsequent audit procedure.

Appeal No. 2005-0667
Application 09/634,041

is clear to us that when an agent or CSP acts for a retailer like that in Chong by the agent collecting the taxes received by the retailer and performing the segmenting of information by taxing jurisdictions, the payment of taxes to the taxing jurisdictions, and the filing of tax returns with the necessary taxing jurisdictions, as suggested by the combined teachings of Chong, RFP #001185 and Francisco, that during the segmenting step the information concerning seller identity is entirely under the purview and control of the agent/CSP and is not at that point in time revealed to the taxing jurisdictions. Thus, the method as broadly set forth in claim 1 on appeal would have been obvious to one of ordinary skill in the art at the time of appellants' invention based on the collective teachings and suggestions of the applied prior art.

We emphasize again that the claims before us on appeal only require the agent to maintain the identity of the seller secret at a particular time during the process (i.e., during the segmenting step) and not, as appellants seem to believe, that the agent must refrain from revealing the identity of a seller to a taxing jurisdiction at all times, and especially reporting and paying the taxing jurisdiction the due and/or during any subsequent audit procedure

As for the Himmel patent relied upon by the examiner for a general teaching/suggestion regarding the practice of restricting access to files in the environment of the Internet, we find the examiner's reliance on this patent to be unnecessary and treat it as mere surplusage.

In light of the foregoing, the examiner's rejection of independent claim 1 under 35 U.S.C. § 103(a) is sustained.

Concerning dependent claims 2 through 5 and 8 through 16, we observe that appellants have indicated in Grouping (A) on page 11 of their corrected, substituted brief that these claims "stand or fall together with regards to the rejection under 35 U.S.C. § 103(a)." However, appellants then go on to set forth other groupings (B) through (F) of the claims on appeal and to present arguments on pages 16-19 of the corrected, substituted brief addressing certain of those claims. After due consideration, and based on appellants' groupings, we conclude that claims 2 through 4, 10, 11 and 15 will fall with claim 1, from which they depend, since appellants have not presented any separate argument addressing the patentability of those claims. As for claims 5, 6, 8, 9, 12, 13, 14 and 16, we will respond to the arguments presented by appellants.

Appeal No. 2005-0667
Application 09/634,041

Concerning claims 5 and 6, we find that the combined teachings of Chong, Appendix A of RFP #001185 and Francisco would have been suggestive of an agent or CSP filing reports (e.g., tax returns) with the taxing jurisdictions. Note particularly, the disclosure in Appendix A of RFP #001185 on pages 25 and 26, where it is specifically noted that the CSP will file tax returns for the taxes due. Note also that appellants concede on page 16 of their corrected, substituted brief that Longfield discloses the filing of tax returns by an agent. Thus, appellants' argument, which appears to rely heavily on the limitation in claim 1 concerning seller identity not being revealed to the taxing jurisdiction, is not persuasive. Therefore, the examiner's rejection of claim 5 based on the collective teachings of Chong, Appendix A of RFP #001185 and Francisco, and that of claim 6 based on the collective teachings of Chong, Appendix A of RFP #001185, Francisco and Longfield will be sustained.

Regarding claims 8 and 9, they respectively set forth that buyer (claim 8) and seller (claim 9) information segmented by the agent in claim 1 "may be accessed by an identification number." Like the examiner, we note that Chong involves a system and method wherein information regarding a particular customer or buyer is indexed to a customer identification number or code and

Appeal No. 2005-0667
Application 09/634,041

examiner's rejection of claim 12 under 35 U.S.C. § 103(a) will be sustained.

Claim 13 addresses the step of "notifying a seller that a taxing jurisdiction is studying its segmented sales and/or use taxes collected," while claim 14 sets forth a limitation that the seller will be able to review the segmented sales and/or use taxes collected before the taxing jurisdiction studies the sellers segmented sales and/or use taxes collected. In this instance, we note that it is conventional for a taxing jurisdiction to notify a retailer/seller of an impending audit and, as indicated in the Background portion of appellants' own specification (page 3), to send a representative of the taxing jurisdiction to visit the retailer. Thus, we view the broadly recited notice limitation of claim 13 as being obvious to one of ordinary skill in the art at the time of appellants' invention. As for the ability of the seller to review the segmented sales and/or use taxes collected before the taxing jurisdiction studies the sellers segmented sales and/or use taxes collected, we direct attention to the sales tax report noted in Chong (col. 6, lines 30-68) and the verifying computer (41) of Francisco, both of which would allow a seller to review the segmented sales and/or use taxes collected at any time in the process, and especially

Appeal No. 2005-0667
Application 09/634,041

before the taxing jurisdiction studies the sellers segmented sales and/or use taxes collected. Thus, the examiner's rejection of claims 13 and 14 under 35 U.S.C. § 103(a) will be sustained.

Claim 16 adds to claim 1 the requirement that the taxing jurisdictions pay the agent for services rendered. This limitation is expressly addressed in Appendix A of RFP #001185 (page 25) wherein it is noted that the agent/CSP will be compensated by the states (taxing jurisdictions) on a per transaction basis, a percentage basis, or some combination of those methods. Thus, the examiner's rejection of claim 16 under 35 U.S.C. § 103(a) will be sustained.

In light of the foregoing, the examiner's decision rejecting claims 1 through 5 and 8 through 16 under 35 U.S.C. § 103(a) as being unpatentable over Chong in view of Francisco, Appendix A of RFP #001185 and Himmel, and rejecting claim 6 under 35 U.S.C. § 103(a) as being unpatentable over Chong in view of Francisco, Appendix A of RFP #001185, Himmel and Longfield is affirmed.

However, since our rationale for sustaining the above-noted rejections on appeal is somewhat different than that set forth by the examiner, especially with regard to the limited

Appeal No. 2005-0667
Application 09/634,041

interpretation of claim 1 and a more in-depth discussion of many of the dependent claims, we denominate our affirmance as constituting new grounds of rejection under 37 CFR § 41.50(b).

This decision contains a new ground of rejection pursuant to 37 CFR § 41.50(b) (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off. Gaz. Pat. Office 21 (September 7, 2004)). 37 CFR § 41.50(b) provides "[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review."

Appeal No. 2005-0667
Application 09/634,041


37 CFR § 41.50(b) also provides that the appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

(1) *Reopen prosecution.* Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner. . . .

(2) *Request rehearing.* Request that the proceeding be reheard under § 41.52 by the Board upon the same record. . . .

AFFIRMED, 37 CFR § 41.50(b)

Charles E. Frankfort
CHARLES E. FRANKFORT
Administrative Patent Judge


JEFFREY V. NASE
Administrative Patent Judge


ROBERT E. NAPPI
Administrative Patent Judge

BOARD OF PATENT
APPEALS AND
INTERFERENCES

CEF : pgc

Appeal No. 2005-0667
Application 09/634,041

Pitney Bowes Inc.
35 Waterview Drive
P.O. Box 3000
MSC 26-22
Shelton, CT 06484-8000